



BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of California-American Water Company (U210W) for Authorization to Increase its Revenues for Service in its Monterey Wastewater District by \$1,387,600 or 83.47% in the year 2009; \$195,400 or 6.32% in the year 2010; and \$212,800 or 6.40% in the year 2011.

A.08-01-023
(Filed January 30, 2008)

PROTEST OF THE DIVISION OF RATEPAYER ADVOCATES TO THE APPLICATION OF CALIFORNIA-AMERICAN WATER COMPANY TO INCREASE REVENUES IN ITS MONTEREY WASTEWATER DISTRICT

I. INTRODUCTION

Pursuant to Rule 2.6 of the California Public Utilities Commission's ("Commission") Rules of Practice and Procedure ("Rules"), the Division of Ratepayer Advocates ("DRA") files this protest to Application ("A.") 08-01-023 of "California-America Water Company ("Cal Am") for authority to increase its revenues for service in its Monterey Wastewater District" ("Application"). The application raises several areas of concern that merit further investigation by the Commission. Therefore, DRA recommends that the Commission schedule both evidentiary and public participation hearings for this proceeding.

II. APPLICATION

In its Monterey Wastewater District application, Cal Am requests a change in revenues in the following amounts: (1) an increase of \$1,387,600 or 83.47% in 2009; (2) an increase of \$195,400 or 6.32% in 2010; and (3) an increase of \$212,800 or 6.40% in 2011. (Application, p. 2.) Cal Am also seeks one special request for the Monterey Wastewater District.

III. ISSUES

Cal Am does not identify any specific potentially contentious issues in the Monterey Wastewater District, but states that parties may have some factual disputes on material issues. (Id.) While DRA is still in the process of reviewing Cal Am's application, it is concerned with the usual issues reviewed by DRA in rate case proceedings. These issues include, but are not limited to: Cal Am's estimated Operations and Maintenance ("O&M") and Administrative and General ("A&G") expenses, investment in utility plant and depreciation, proposed rate design, and customer service and service quality.

DRA is particularly concerned with the reasonableness of the new comprehensive planning study and the customer service initiatives implemented by Cal Am such as the Coastal Division specialty desk, upgraded Interactive Voice Responsive ("IVR") System and water quality liaison.

Also, DRA will evaluate whether the following Special Request is appropriate and in the public interest:

- **Special Request #1:** Authorization to bill all wastewater service customers in the Monterey Wastewater District at the same rate and at the same billing frequency. (Id. at 7.)

IV. CONSOLIDATION OF APPLICATIONS

In order to ensure compliance with the intent of Decision ("D") 07-05-062 ("Revised Rate Case Plan"), DRA recommends the consolidation of applications 08-01-022 (Felton), 08-01-023 (Monterey Wastewater), 08-01-024 (General Office) and 08-01-027 (Monterey) into one general rate case ("GRC") proceeding, under one Administrative Law Judge ("ALJ"). Currently, the four GRC applications are split between two ALJs, with one ALJ presiding over A.08-01-022 (Felton) and another ALJ presiding over A.08-

01-023 (Monterey Wastewater), A.08-01-024 (General Office), and A.08-01-027 (Monterey).¹

The filing of Cal Am's multi-district rate case as four separate applications rather than one single rate case application violates the Revised Rate Case Plan. The Revised Rate Case Plan mandates filing a "single rate case for multi-district utilities" and establishes a schedule for such filings. (D.07-05-062, appendix A, pp. A17-A18.)

In furtherance of the Water Action Plan's principles and objectives, the Revised Rate Case Plan adopted the "single rate case for multi-district utilities" framework and the associated schedule to capture the "efficiencies gained from consolidating certain districts into a single rate case..."² (Id. at 3-4, 8.) In order to provide sufficient time to process the GRCs for multi-district water utilities, the Revised Rate Case Plan adopted a 20 month schedule.³ (Id. at 9.)

The filing of Cal Am's multi-district rate case as four separate applications rather than one single rate case application not only violates the Revised Rate Case Plan, but also eliminates the efficiencies created by the Plan and causes significant procedural and scheduling difficulties due to the fact that two ALJs are now presiding over the four parts of the multi-district rate case.⁴

Cal Am submitted a schedule under the 20 month framework that is identical for each of the four applications. (A.08-01-022, A.08-01-023, A.08-01-024 and A.08-01-027, Exhibit A, Chapter 1, Section 5, Table 1.) If Cal Am's multi-district GRC is split between two ALJs, the Commission will have to adopt a new schedule that provides

¹ On February 21, 2008, Cal Am filed a Motion for Reassignment in proceedings A.08-01-023, A.08-01-024 and A.08-01-027. A Chief Administrative Law Judge Ruling on Motions for Reassignment on Peremptory Challenge issued on February 22, 2008, granted Cal Am's Motions, reassigning A.08-01-023, A.08-01-024 and A.08-01-027 to ALJ Bushey. However, A.08-01-022 remains on ALJ Walwyn's docket.

² Often there are common issues that affect the various districts.

³ Single district GRCs are processed under a 14 month schedule.

⁴ Even prior to the Revised Rate Case plan, traditionally, all districts filing simultaneously have always been consolidated and presided over by one ALJ.

separate days for pre-hearing conferences, alternative dispute resolution, evidentiary hearings and other events in the GRC process. The Revised Rate Case Plan's justification for the 20 month schedule was to allow sufficient time to process multi-district utilities in a single rate case. However, under the existing circumstances, Felton, a single district will proceed under the 20 month schedule.

Furthermore, allowing Cal Am to file its multi-district rate case as four separate applications rather than as a single rate case application will cause the same problems in future multi-district rate case proceedings. For example, California Water Service Company will be filing a rate case concerning 24 districts and its general office in July 2009.⁵ Imagine the procedural problems that would occur if parties could file peremptory challenges against an ALJ for *some* of the districts. If multiple parties filed peremptory challenges, several ALJs would need to be assigned to such a multi-district rate case.

Although this multi-district rate case should have been filed as a single rate case application, it would be counterproductive to require Cal Am to refile their application at this point. Therefore, DRA recommends that the Commission consolidate A.08-01-022, A.08-01-023, A.08-01-024 and A.08-01-027 into one proceeding, under one ALJ. Consolidating the four applications will follow at least the intent of the Revised Rate Case Plan and Water Action Plan, and will eliminate the procedural and scheduling difficulties caused by the multi-district rate case being presided over by two ALJs. However, the Commission should clarify that all future multi-district rate cases should be filed as single rate case application, under one proceeding number.

V. CATEGORIZATION AND PROPOSED SCHEDULE

DRA agrees with Cal Am's proposed categorization of this proceeding as ratesetting and that evidentiary hearings may be necessary to resolve these and other

⁵ California Water Service Company filed its most recent multi-district rate case regarding eight districts and general office, under one proceeding number, A.07-07-001, as directed by the Revised Rate Case Plan.

issues raised in Cal Am's application. DRA also agrees with Cal Am's proposed schedule. A public participation hearing in the affected districts will be necessary. Therefore, DRA requests that a prehearing conference be held to establish a schedule for this proceeding.

VI. CONCLUSION

Cal Am's application requests a substantial rate increase – well above the rate of inflation. DRA will be conducting discovery to develop its testimony and recommendations. Hearings may be required and a schedule should be established at the prehearing conference that allows for a diligent review of the requested rate increases. Since DRA has not completed discovery or filed its report, it reserves the right to assert any issue discovered after this Protest has been filed.

Respectfully submitted,

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March 3, 2008

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of each document “**PROTEST OF THE DIVISION OF RATEPAYER ADVOCATES TO THE APPLICATION OF CALIFORNIA-AMERICAN WATER COMPANY TO INCREASE REVENUES IN ITS MONTEREY WASTEWATER DISTRICT**” in **A.08-01-023** by using the following service:

☒ **E-Mail Service:** sending the entire document as an attachment to an e-mail message to all known parties of record to this proceeding who provided electronic mail addresses.

☐ **U.S. Mail Service:** mailing by first-class mail with postage prepaid to all known parties of record who did not provide electronic mail addresses.

Executed on March 3, 2008 at San Francisco, California.

/s/ NANCY SALYER
Nancy Salyer

N O T I C E

Parties should notify the Process Office, Public Utilities Commission, 505 Van Ness Avenue, Room 2000, San Francisco, CA 94102, of any change of address and/or e-mail address to insure that they continue to receive documents. You must indicate the proceeding number on the service list on which your name appears.

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